

Investment
Banking Case
Study | Harsh
Sharma

HDFC Ltd & HDFC Bank Merger

Deal Overview



- Merger Announced: April 2022



- Value: ~\$40 Billion



- Type: All-stock deal



- Purpose: Synergy between lending (HDFC Ltd) and banking (HDFC Bank)



- Expected Completion: Q2 2023

Rationale Behind the Merger



- Access to wider customer base



- Better cross-selling of financial products



- Improved balance sheet strength



- Economies of scale and operational efficiency



- Unified digital and branch infrastructure


Estimated Synergies

- Revenue Synergies:

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- Cross-selling to mutual customer base
 - New lending opportunities
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- Cost Synergies:

- Reduced overlapping operations
 - Shared technology and compliance systems
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Valuation Metrics (Pre-Merger)

- HDFC Ltd:
 - Market Cap: ₹4.4 Lakh Crore
 - P/E: 20x | P/B: 3.5x
- HDFC Bank:
 - Market Cap: ₹8.5 Lakh Crore
 - P/E: 22x | P/B: 4.1x

Market Reaction & Conclusion

- Stock market responded positively



- Major boost to BFSI sector confidence



- Merger seen as a strategic long-term move



- Created one of India's largest financial giants